

HALCYON LTD.

Project Management
Development Consultants
Construction Management

196 Trumbull Street
Hartford, Connecticut 06103
(203) 527-1896

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BRA

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15 June 1981

Mr. Matthew A. Coogan, Project Coordinator
Boston Redevelopment Authority
One City Hall Square
Boston, MA 02201

Dear Mr. Coogan:

This Letter of Interest is in response to your request for comprehensive planning services to establish market support for Boston's Central Retail District known as the Downtown Crossing.

Halcyon Ltd. has considerable experience in downtown retail and mixed-use development. In fact, our entire career has been spent on some of the more challenging and provocative downtown environments in the country. Our work on Citicorp Center in New York, our plan for downtown New Haven, which had a particular emphasis on development new retail entities to counter suburban growth, and our revitalization plan for the Baltimore Central Retail District, overwhelmed by more recent waterfront developments in Baltimore, are all examples of the kinds of consulting efforts we have executed successfully.

We have included herein our black brochure which illustrates Halcyon's extensive experience in mixed-use, high density environments, and a blue booklet which focuses on our range of experience in Market Analysis and Financial Feasibility. We would suggest that these two brochures contain the best and most efficient overview of Halcyon's expertise and experience to date, including efforts which we believe to be similar.

We are quite interested in Boston. Several principals of our office, including myself, have considerable experience working in the Boston market both recently and in prior years. We know downtown Boston and think we understand the unique market circumstances which impact developments in that area.

The Halcyon staff that would be available to work on the Downtown Crossing project is as follows:

- o Michael P. Buckley, President will direct Halcyon's effort;
- o Ted Amenta, Vice President will be the Project Director;
- o James Lynn, Halcyon's Senior Consulting Economist will have primary responsibility for Market Analysis;
- o Bill Howe, Halcyon's Senior Leasing Consultant will be responsible for insuring that development concepts stay within

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15 June 1981

Page 2

the realm of commercial leasability;

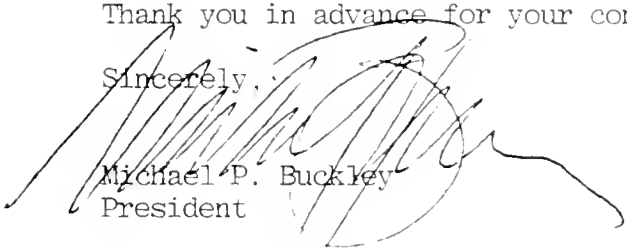
- o Natlaie Korsheniuk, Halcyon Project Manager will have primary responsibility for historic preservation context and unique problems inherent with weaving new and renovated facilities within an older urban-core fabric.

Other specialists from Halcyon, including Bill Wilson, our Operations Manager, will advise as required on various aspects of the study ranging from construction impacts to marketing and operations of completed projects and their relationship to existing city infrastructure.

We are very interested in being considered for this study. We have believed for some time that large, central cities should purposefully seek means to retain their regional retailing functions. Particularly, considering the concentration of department stores in downtown Boston, and its reputation for specialty retailing, we find this prospect irresistible.

Thank you in advance for your consideration.

Sincerely,



Michael P. Buckley
President

cc: Robert J. Ryan, Director, BRA

enclosures

MPB/kjh

MICHAEL P. BUCKLEY

President

As president and founding principal of Halcyon Ltd., Michael Buckley oversees all aspects of the firm's activities, from market analysis and conceptualization to leasing, promotion and project management. While responsible for corporate policy and long-range planning, he retains close project involvement as the company's chief conceptual planner. He holds an architecture degree from Rice University and a Master's degree from MIT in a special program combining the Sloan School of Management and Department of Urban Studies.

Author of numerous articles, Mr. Buckley has lectured widely on marketing, management and downtown development issues. He is a member of the Urban Land Institute, International Downtown Executives Association, the American Institute of Architects, the American Institute of Planners, the International Council of Shopping Centers, past president of the Connecticut Society of Architects, and director of the Connecticut Trust for Historic Preservation.

His previous experience in large-scale project planning includes the development plan for a new resort community in Vilamoura, Portugal, and the corporate headquarters of the ITEK Corporation. He has received several traveling research grants, including a Rotch Fellowship to analyze community developments in Europe.

THEODORE M. AMENTA

Vice President, Consulting Services

Vice President for Consulting Services and founding principal of Halcyon, Theodore Amenta uses a multi-disciplinary approach in the production management of large-scale projects. With a background in residential and commercial financial analysis and development management, he monitors the entire production process, including issues of quality control, staff scheduling and client liaison.

A graduate of the School of Architecture at Pratt Institute, Mr. Amenta is a corporate member of the American Institute of Architects. He has been a visiting juror in urban design at Yale University, Pratt Institute and the Rhode Island School of Design. He attended the Professional Services Management Seminar at Harvard University, and conducted an advanced case study for the Mortgage Bankers Association of America at Michigan State University.

His articles on commercial development have appeared in the national press, and he has lectured widely on financing, marketing, and urban design.

WILLIAM HOWE

Senior Leasing Consultant

William Howe has extensive experience in all phases of retail business — corporations, real estate and leasing. He provides dual awareness — from both the developer's and tenant's perspectives — of the critical factors involved in creating viable downtown retail projects.

For Halcyon Mr. Howe is directing the leasing of Arcade Square in Dayton, Ohio. He has worked for internationally known developers, such as Mondev International. In downtown Burlington, Vermont, and Salem, Massachusetts, he was responsible for retail leasing for mixed-use projects.

As Vice President of Commercial Leasing for the Wasserman Development Corporation, Mr. Howe was responsible for the execution of a 70,000 square foot theme center in Harvard Square. He also packaged a 400,000 square foot project in Watertown, Massachusetts. Mr. Howe continues to represent several private retailers and has placed tenants in Faneuil Hall/Quincy Market in Boston.

He was previously Director of Real Estate for a 250 store operation owned by Melville Shoe and in charge of site acquisitions for a major supermarket chain.

WILLIAM K. WILSON

General Manager, Arcade Square

Operations Specialist

With a varied background in property and construction management, marketing and promotion, and retail leasing, William Wilson serves as General Manager of Arcade Square, Dayton, Ohio, and Operations Manager/Consultant on other Halcyon projects. He was formerly Property General Manager for First Union Management, Cleveland, and Mall Manager for the Edward J. DeBartolo Corporation, Youngstown, Ohio.

For Arcade Square, Mr. Wilson oversees all aspects of operations management, including marketing, leasing, preventative maintenance, security, new tenant construction and general space usage. He also coordinates management of the center with the property's consortium of owners and developers called Arcade Square, Ltd.

Before joining Halcyon, Mr. Wilson directed all facets of maintenance, accounting, operational budgeting and security as general manager for enclosed shopping centers and office buildings. He holds a Bachelor's Degree in Journalism from Ohio University, with a major in advertising/marketing and a minor in marketing/management.

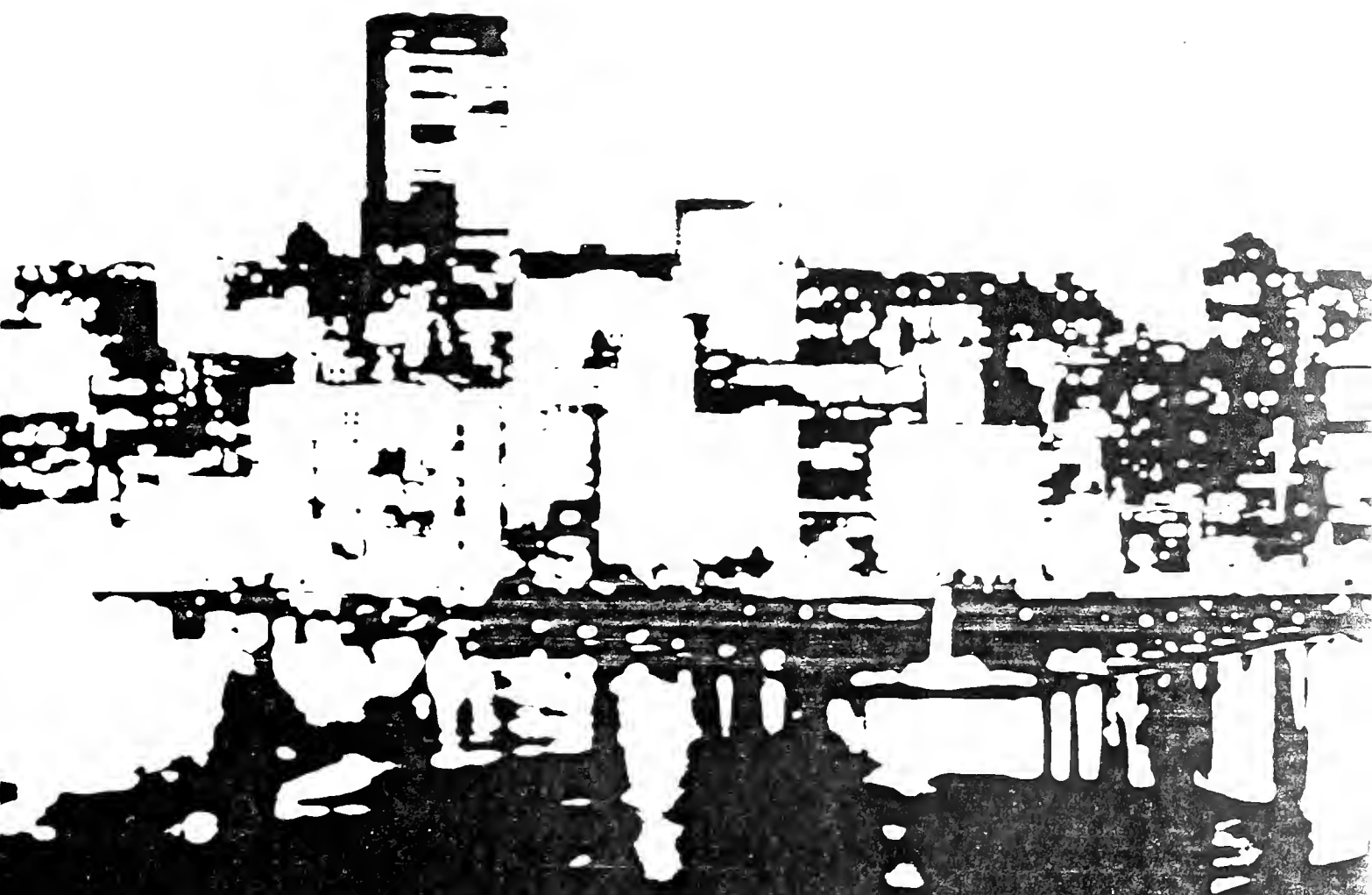
JAMES C. LYNN

Senior Consulting Economist

Formerly a Vice President at a Starrett Housing Corporation subsidiary; Director of Market Research with Howard P. Hoffman Associates, a division of Lehman Brothers Kuhn Loeb; and Area Supervisor for Real Estate Research Corporation, a subsidiary of First National Bank of Chicago, James Lynn brings more than 10 years' experience as development manager, financial packager and market analyst to Halcyon's projects.

Mr. Lynn's background ranges from identifying new residential and hotel conversion opportunities to packaging a 2,000-unit community in Washington, D.C.; a 40-acre business park in California; a super-regional shopping center for Equitable Life; and a million square foot adaptive re-use project in Detroit.

Mr. Lynn holds a Masters degree in Planning from the University of North Carolina, which he attended as a U.S. Department of Housing & Urban Development Fellow. He also received a Bachelor of Science degree in Civil Engineering from Columbia University.



Consulting Services:
***Market Analysis &
Financial Feasibility***



Halcyon Ltd.

Development
Consultants

Strategic Planning.

Financial Feasibility.

Market Analysis.

**Development
Implementation.**

Development is becoming more complex. New urban efforts focus on adaptive reuse, waterfront reclamation, convention and tourist facilities and mixed-use corporate towers. Complex planning issues and financial constraints are matched with increasingly elaborate public approvals and processes.

Pre-development feasibility analysis is the best form of risk protection for the private and public developer. As coordination between cities and developers increases, advance consideration of the appropriate balance between land use and market support is more important than ever.

Current urban development requires many different talents. Developers and cities have turned to Halcyon Ltd. for advice and implementation — from financial analysis and development planning to design management and marketing. We recognize that each project has a unique market setting. We bring hands-on, national development experience to each market and feasibility analysis.

Halcyon's staff includes skills in economics, development analysis, architecture, urban planning, project management, historic preservation, leasing and marketing. Our diverse points of view and professional backgrounds produce reliable and creative solutions. Finally, we believe that development objectives must be tempered by financial and marketing realities.



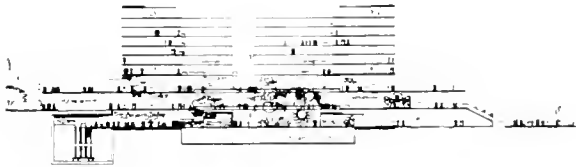
ARCADE SQUARE:
a Description of the
Physical, Organizational & Financial
Arrangements
for Its Revitalization

Arcade Square Dayton, Ohio

The \$10 million restoration of the 75-year-old Arcade Square, a historic domed rotunda, is one of the focal points of a major revival effort in the downtown area.

A consortium of civic leaders and large corporations including Mead and NCR retained Halcyon to resurrect the former Farmers Market. Our initial efforts focused on a financing and merchandising plan to transform the building into 110,000 square feet of cafes and specialty shops. Over ten distinct sources of financing were identified and secured.

Halcyon was also responsible for construction management, leasing and promotion, coordinating city and federal commitments, including UDAG and historic preservation funding. We are currently serving as general managers.



SECOND PHASE REPORT PRE-DEVELOPMENT FEASIBILITY ANALYSIS

PREPARED FOR:
THE GREATER BALTIMORE COMMITTEE

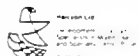


Baltimore Central Retail District Baltimore, Maryland

With a four-part contract, the Greater Baltimore Committee asked us to analyze the economic performance of Baltimore's retail district, suggest a workable development scheme which could attract private investment, create a complete financial pro forma identifying potential sources and techniques for funding, and assist in profiling prospective developers for a \$50 million mixed-use project.



Commercial Development Potentials **PPG Industries** **Corporate Headquarters**



PPG Industries Pittsburgh, Pennsylvania

PPG hired Halcyon to undertake a market study of Pittsburgh — populations, income, retail and restaurant sales, outlying suburban competition and transportation. The final report analyzed present trends and future competition.

PPG's new World Headquarters in Pittsburgh includes substantial area for retail and restaurant components on the lower levels of Philip Johnson's spectacular architectural design. Halcyon's recommendation for restaurant and retail area allocations in the complex included specific demand analyses for various components.



Maguire Partners/ Crocker Center Retail/ Restaurant Potentials

Prepared by Citicorp Real Property Services and Halcyon Ltd.

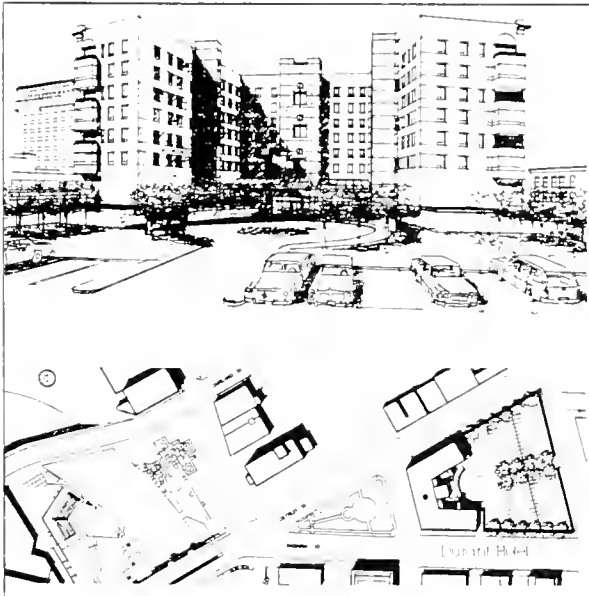
Crocker Center *Los Angeles, California*

For Maguire Partners, Halcyon collaborated with Citicorp's Real Property Services to forecast restaurant and retail potentials for the new corporate high-rise complex for Crocker Bank. Halcyon's analysis of primary and secondary market support and food service demand and projections of supportable facilities became the basis for a tailored retail/food service master plan. Located in Bunker Hill — the heart of the new Los Angeles corporate community — the 2 million square foot Crocker Center features commercial space, outdoor plaza and a glass atrium.



The City At 42ND Street *New York, New York*

For the non-profit City at 42nd Street, Inc., Halcyon's retail planners, development analysts and economists examined mixed-use cultural, entertainment and retail concepts for the heart of Manhattan's Times Square area. With study funding by the Ford Foundation, Halcyon was responsible for a sequence of retail and food service offerings within the proposed two-block complex. The project is currently under consideration by the city and state for development by the New York State Urban Development Corporation.



Flint Downtown Development Authority *Flint, Michigan*

For the Downtown Development Authority of Flint, Michigan, Halcyon has developed a redevelopment and renovation plan for the Pick/Durant Hotel, one of the last great achievements of Will Durant, the legendary founder of General Motors. We have also produced a housing analysis and market study for the Flint Lumber Yard site, on the city's main river and directly across from the heart of Downtown.

We conducted a survey through major employers, including the downtown hospital complex, for housing type preferences and rental rate structures from potential downtown residents. We also recommended development funding sources and financing packages, and assisted in the creation of a developer solicitation package.

Lafayette Mall New Orleans, Louisiana

Lafayette Mall will link the Superdome and the Podyras Street office corridor to the Mississippi riverfront and the Convention Center with a pedestrian and transit mall. The project combines specialty retail, residential and office opportunities in a collection of older downtown buildings. Halcyon is working with Daniel Mann Johnson Mendenhall, Inc. to conduct a market feasibility study for the New Orleans' Downtown Development District. Our responsibilities include establishing maximum development potentials, rehab and new construction pro formas, recommendations for specialty retail facilities, evaluation of motel/hotel and office market projections.



Sheraton Corporation New York, New York

The Sheraton Corporation enlisted Halcyon's experience to analyze and upgrade current retail components as attractive amenities for hotel guests, while also increasing rental revenues.

Our recommendations for the St. Regis in New York included new design considerations, development of unproductive space into profitable Fifth Avenue retailing, facade improvements, full development pro formas, and construction and leasing schedules which incorporated new merchandising and operating concepts.

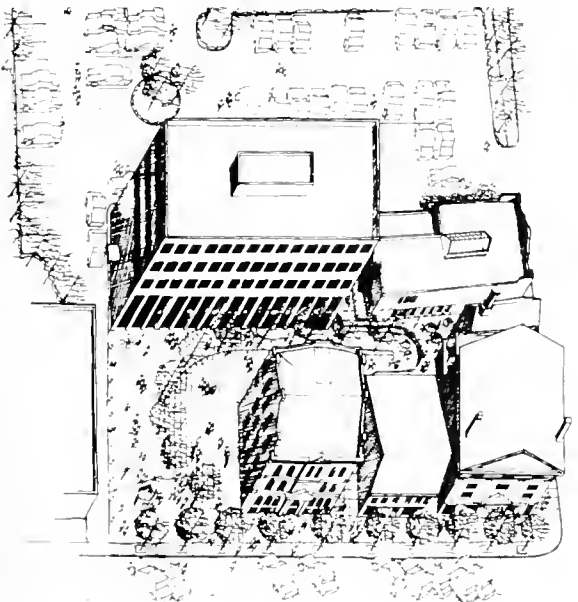


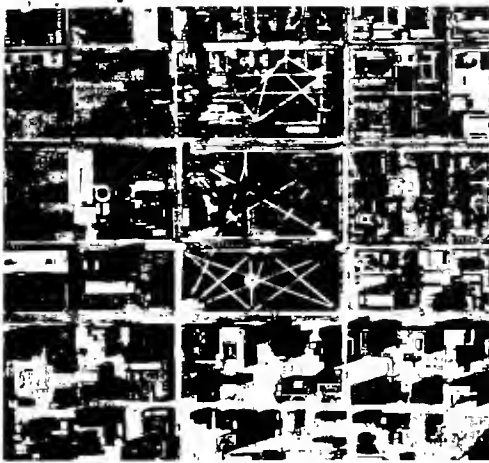
RETAIL MASTER PLAN
by: Halcyon Ltd.

Middlesex Theatre Block Middletown, Connecticut

The Middlesex Theatre Block is a cluster of historically significant buildings on Main Street, built shortly after the Civil War. Halcyon was retained by the Middletown Redevelopment Agency, at the urging of the Ad Hoc Committee for Preservation, to reconcile a controversy between factions who desired to preserve the Block and those who believed it was not financially feasible.

We presented reuse concepts which were both financially viable and contributed to the revitalization of downtown Middletown. In addition, we identified appropriate sources and application of funds which a developer would require to undertake the project. As a direct result of this developer's kit, a local insurance company acting as prime developer has undertaken the renovation of the entire block in joint venture with an architectural firm.





AN ANALYSIS OF MARKET POTENTIALS

NEW HAVEN CENTRAL BUSINESS DISTRICT
NEW HAVEN, CONNECTICUT

City of New Haven Planning Department New Haven, Connecticut

Nationally known for its pioneering redevelopment efforts in the sixties, New Haven selected Halcyon to prepare a marketing and implementation strategy for the revitalization of downtown.

Halcyon's tasks included: market analysis of development potentials for retail, entertainment and loft housing; establishment of office space absorption rates; analysis of hotel occupancy rates to establish lodging demands; review of parking structure developments, adaptive re-use potentials and new construction; and an interim public relations and organizational program for a new private promotional entity — the New Haven Downtown Council — which was founded on the basis of Halcyon's recommendations.

ESTIVAL 79

DOWNTOWN

headliners

Survival on the Green
Survival on the Green will bring it to the City this summer. The from June 29 through July 8 will variety of talent. Festival is participation. All id to provide festal goers with involved—in kick off their shoes off in a parade.

Coming Soon
The newly renovated entrance to the City Hall will be officially opened with official work on the right part of the building. The new entrance will be built at Maryland Street. The building is currently in the process of being renovated. The new entrance will be built at Maryland Street. The building is currently in the process of being renovated. The new entrance will be built at Maryland Street. The building is currently in the process of being renovated.

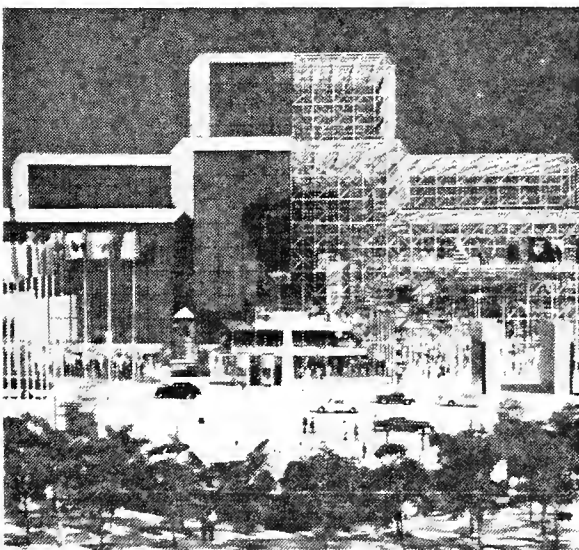
Parks on Exhibition
The City of New Haven is currently in the process of renovating its parks. The new entrance will be built at Maryland Street. The building is currently in the process of being renovated. The new entrance will be built at Maryland Street. The building is currently in the process of being renovated.

The New Haven Retail Council
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Mini-Park to Open
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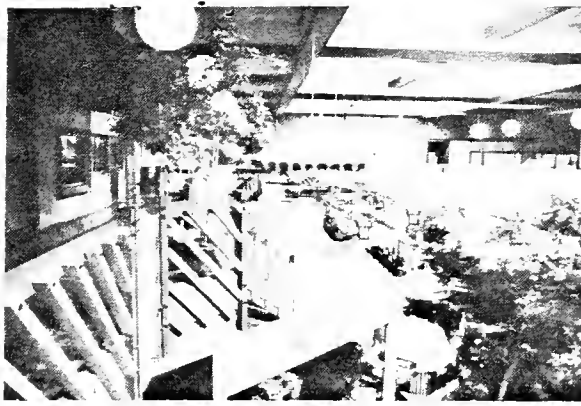
New Haven Downtown Council New Haven, Connecticut

Halcyon produced a position paper advising on leadership formation, established funding horizons, and participated in the creation and organization of a new agency, jointly sponsored by area businesses, Yale University, Chamber of Commerce and City of New Haven. Halcyon also programmed a public relations strategy which included the design and production of a newsletter/poster/mailer called "Downtown Headliners" for the purpose of promoting and improving the city's quality of life and attracting new development for downtown. It is still being produced for general distribution by the new full-time staff.



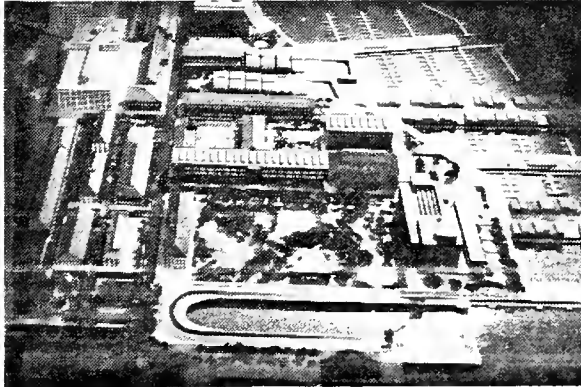
New York Exposition and Convention Center New York, New York

The New York State Urban Development Corporation retained Halcyon to perform three tasks related to public space programming and food service for the \$375 million New York Exposition and Convention Center. Our recommendations focused on potential retail and food service themes including extensive development pro formas for each component, optimum functional and mechanical requirements for food and beverage service, and a public space strategy utilizing state-of-the-art technology for information and entertainment events. Slated for completion by 1984, the five-city-block complex will enclose the country's largest area of exhibition space and will be the only convention facility committed to attracting tourists and residents as well as conventioners.



The Old Mill *Mountainview, California*

Hexalon, Inc., a Dutch real estate investment trust, asked Halcyon to examine several alternatives and suggest modifications for maximizing revenues for a two-level shopping center combining 137,000 square feet of retail and restaurant space with a landscaped interior and unusual architectural design. Our report contains a new financing plan and management recommendations regarding marketing and the restructuring of relationships with the City of Mountainview.



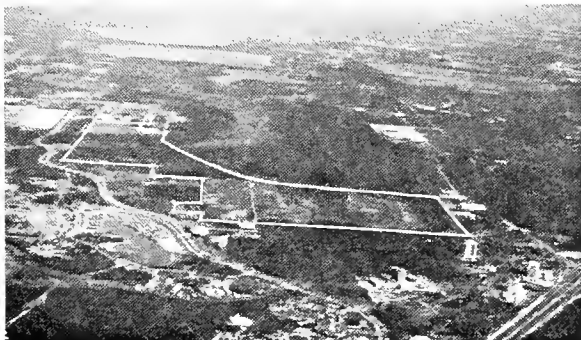
Charlestown Navy Yard *Boston, Massachusetts*

For the Boston Redevelopment Agency, Halcyon prepared a predevelopment marketing plan outlining tenant mix and including a management primer for a collection of late 19th century granite buildings within the Historic Monument Area of the Charlestown Navy Yard. Under a second contract, we outlined the parameters for developer solicitation, including estimation of residual land values and rents; master lease operating covenants; and legal coordination.



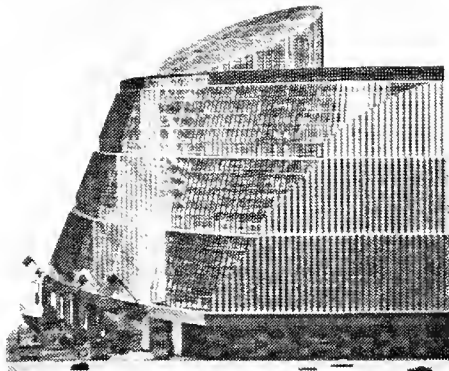
Louis Armstrong Memorial Park *New Orleans, Louisiana*

For the City of New Orleans, Halcyon produced a management and development analysis of potential uses for a 35-acre urban park dedicated to the memory of America's most famous jazz musician. Combining beautifully landscaped grounds with historic structures, including Perseverance Hall — the cradle of jazz, Armstrong Park will become a themed jazz and entertainment complex. Bounded by Rampart Street, it is adjacent to the French Quarter and on axis with Jackson Square, the traditional heart of this historic district.



Cypress Walk *Orlando, Florida*

For a joint venture of Transhol, the largest independent oil producer in Holland, and PPGM, a major Dutch pension fund, Halcyon is analyzing market voids, assisting in conceptual site planning and facilities programming, and providing support analyses for a 350-acre site adjacent to Disney World in Orlando, Florida. The \$400 million proposed development will include a retail and restaurant complex, major luxury hotel, conference center, condominiums and villas. Orlando ranks sixth in the world in number of hotel rooms and is fast becoming a significant conference and convention destination.



The State of Illinois Center Chicago, Illinois

For the Capital Development Board, which is directing the development of the new State of Illinois Center on Chicago's North Loop, Halcyon has prepared detailed financial and operating agreements. These documents will serve as the basis for negotiations with a retail developer and for the issuance of revenue bonds required for completion. We are also providing multi-year income projections for 150,000 square feet of specialty retail and restaurant components.



U.S. Department of Housing and Urban Development Urban Development Action Grant Program Washington, D.C.

Halcyon serves as national consultant for HUD's Urban Development Action Grant Program. The principal objectives of the UDAG Program are the creation of jobs and the reclamation of deteriorated city neighborhoods and central business districts through the leveraging of private investment.

Halcyon's technical assistance assignments have ranged in scope and size across the country.

San Antonio, Texas

We are consulting on the light industrial and mixed-use potentials in Vista Verde, an older neighborhood immediately adjacent to downtown. Our work involves monitoring complex land transactions and construction schedule for a variety of new structures, including offices, manufacturing facilities, new hotels and some retail components.

Brownsville, Texas

We are assisting in final negotiations among the developer, the City and the financing institution for the 12th Street Development Area. The development plan outlines phased construction of a 120-room motel, 400-room high-rise hotel, 200-room condominium towers, a convention center annex and a specialty retail center.

Philadelphia, Pennsylvania

The construction of Gallery II, a 210,000 square-foot retail center in downtown Philadelphia, is part of the second phase of a major revitalization plan which includes the construction of two 500,000 square foot office towers and completion of a new commuter rail station on Market Street East. Halcyon is assisting in negotiations among the designated developer, the City and two anchor tenants for Gallery II.

East Cleveland, Ohio

Adjacent to the city of Cleveland, East Cleveland seeks funding for a mixed-use project which would renovate a small shopping area by adding new retail operations, a parking garage, offices, library, supermarkets and drive-in bank. For the pre-application process, we provided a review of site plans and financial studies, in addition to negotiation participation.

Halcyon: professional credentials and specialized services.

Additional Professional services to:

- Cadillac Fairview Corporation
- Citibank, N.A.
- AT&T
- Owens Illinois
- George Washington University
- Tecon Realty
- J.P. Mahoney & Company
- Dade County
- Maguire Partners
- City of Pittsburgh
- City of New London
- U.S. Steel Corporation
- Olympia & York
- The Harristown Development Corporation
- Pennsylvania Avenue Development Corporation

Strategic Planning

- Investment Counseling.** Establishing acquisition or development portfolios.
- Development Planning.** Creating alternative development scenarios.
- Highest and Best Use Analysis.** Identifying and quantifying optimum development potentials.
- Adaptive Re-Use Planning.** Assessing conversion potentials, planning constraints and marketing opportunities.

Financial Feasibility

- Financial Structures.** Establishing mortgage and equity market options and conditions.
- Cash Flow Projections.** Estimating potential sales or rental rates on multi-year bases, including inflation and appreciation considerations.
- Operating Budgets.** Projecting property management costs including concept-induced expenses.
- Risk/Sensitivity Analysis.** Examination of critical investment parameters and assessment of downside risks.
- Funding Alternatives.** Identification of private/public participation and federal/state funding potentials.

Market Analysis

- Economic Base Profiles.** Comprehensive population, employment and income analyses.
- Competitive Inventories.** Alternative opportunity profiles including assessment of access, visibility, utilization and amenity features.
- Product Definition.** Establishing market segmentation and market-based support by categories.
- Marketability.** Creating pricing and phasing strategies, including analysis of marketing constraints and opportunities.
- Preference Surveys.** Assessment of consumer perceptions by survey and interview techniques.

Development Implementation

- Public Investment.** Establishing potential commitments for urban development grants, tax abatement and revenue bonding.
- Development Terms.** Advising on agreements or lease terms to protect development objectives.
- Developer Solicitation.** Identifying, profiling and soliciting developer interest, including assistance in preliminary negotiation.
- Fiscal Impacts.** Establishing positive contributions to job creation and local tax revenues against public service requirements.
- Design and Construction Management.** Design services selection, project delivery scheduling and assessment of construction management alternatives.

